The impact of external funding agencies on regional environmental cooperation in the Southern Cone of South America

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Abstract

So far the focus of research on environmental institutions has been mostly on global negotiations. Regional environmental cooperation has received relatively little attention and is dominated by studies of the EU or other regions made up fully or partly of countries of the global North. Yet, many environmental problems do not have global causes or consequences and it cannot be taken for granted that findings from studies of the North are also applicable to other regions. Based on extensive field research in Argentina, Brazil, Paraguay and Uruguay this paper examines regional environmental cooperation in the Southern Cone of South America. One of the main differences that emerged was the reliance on external funding agencies, such as UN agencies, development banks and national or EU cooperation agencies, for regional environmental cooperation. This adds an extra layer of interests and international negotiations where agreements or compromises between all parties are necessary before it is possible to work on implementation. Moreover, it is difficult to achieve coherent and lasting implementation of policies if this is dependent to a great extent on development cooperation. The paper examines the role of external funding in three policy areas: protection of migratory species; sustainable production policies; and water in the Southern Cone of South America. It argues that the involvement of external funding agencies constitutes one of the main differences in comparison with regional environmental cooperation in the global North and needs to be taken into account in the design of policies.
Introduction

So far the focus of research on environmental institutions has been mostly on global negotiations and regional environmental cooperation has received relatively little attention. Yet, many environmental problems do not have global causes or consequences and in some cases the regional level may present a more efficient and legitimate forum to address environmental concerns (Elliott and Breslin, 2011: 2, 4-5, 8-9). In addition, concern with global environmental problems or “global commons” is often more a concern of Northern countries. The countries of the South on the other hand have repeatedly prioritised the challenge to reconcile economic development with environmental conservation as well as local environmental concerns in order to improve the quality of life of their citizens (Fairman, 1996; Connolly, 1996: 329 – 330, 354). Consequently there is a strong rationale to examine also regional environmental cooperation and not focus exclusively on global commons issues in the debates on international environmental governance. This paper examines regional environmental cooperation in the Southern Cone of South America and thus looks at issues that have a clearly transboundary character and involve several states, but which do not necessarily have a global dimension. The literature on regional environmental cooperation is dominated by studies of the EU or other regions made up fully or partly of countries of the global North and there are only a few studies on regional environmental cooperation in the South. However, it cannot be taken for granted that findings from studies of the North are also applicable to other regions. One of the main differences in comparison with the global North is the reliance on external funding agencies, such as UN agencies, development banks and national or EU cooperation agencies, for regional environmental cooperation. On the one hand this makes it much more difficult to establish long-term and sustainable cooperation. On the other hand however, external funding agencies do not only provide resources, but also bring in their own interests and views. Consequently external funding agencies have an important impact on the framework of regional environmental cooperation in the Southern Cone of South America, for example in terms of what kind of issues receive funding and through which channel or the extent to which civil society actors are included or not. At the same time however, the success of external funding also greatly depends on the local context and domestic actors. Donors who have a good relationship to important local actors and whose objectives correspond to local agendas are thus more likely to be successful in the
long-term. In the first part the paper examines three regional regimes that address environmental issues in the Southern Cone of South America: protection of migratory species in the framework of the Convention on Migratory Species (CMS); the regional integration system Mercosur which includes a range of environmental issues on its agenda, including sustainable production policies; and the governance of water in the La Plata basin. In the second part the paper compares the role of external donors across the three cases and assesses the impact the funding agencies have on regional environmental cooperation.

I. Case Studies

The protection of migratory species in the framework of the Convention on the Conservation of Migratory Species of Wild Animals (CMS)

Protection of migratory species is an issue that per se requires transboundary cooperation at least according to its definition by the CMS. The CMS thus states that “‘Migratory species’ means the entire population or any geographically separate part of the population of any species (…), a significant proportion of whose members cyclically and predictably cross one or more national jurisdictional boundaries” (CMS, 1979: article I). With this definition the CMS thus excludes species whose migratory range falls within one country only (de Klemm, 1994: 40). Migratory species are particularly vulnerable because they often travel huge distances and cross one or more political boundaries. As a consequence it is not sufficient to protect them and conserve their habitat in one place, but a minimum of conservation and protection along their whole migratory route is necessary in order to conserve the species. If one country along the migratory route protects the species, but in the next country in the range hunting of the species is allowed or the habitat of the species has been destroyed, the protection granted by the first country will thus not be enough to guarantee the survival of the species. Politically this makes protection of migratory species much more complex as jurisdictions and political priorities along a migratory range are likely to be different (CMS, 2007; Caddell, 2005: 113; Di Pangracio et al., 2011: 495). This means some kind of coordinated approach between states is necessary in order to protect migratory species. The CMS was concluded in 1979 and entered into force in 1983 (Caddell, 2005: 114) and it now
has 116 parties. Most South American countries are members, with the exception of Brazil, Colombia, Guyana, Suriname and Venezuela (CMS, 2011).

Regional environmental cooperation on migratory species in the Southern Cone of South America consolidated from the 1990s on. During this period transboundary networks of researchers, NGOs and national park administrations interested in gaining a better understanding of various species developed and at the same time started to promote the conservation of these species. As a result four different memoranda of understanding under the umbrella of the CMS have now been signed between different South American states. These are the Memorandum of Understanding concerning Conservation Measures for the Ruddy-headed Goose signed between Argentina and Chile in November 2006; the Memorandum of Understanding on the Conservation of High Andean Flamingos and their Habitats signed by Bolivia, Chile and Peru in December 2008; the Memorandum of Understanding on the Conservation of Southern South American Migratory Grassland Bird Species and their Habitats between Argentina, Bolivia, Brazil, Paraguay and Uruguay signed in August 2007; and the Memorandum of Understanding between the Argentine Republic and the Republic of Chile on the Conservation of the Southern Huemul signed in December 2010.

In all cases cooperation on research and conservation activities between regional civil society networks started prior to the signing of the memoranda of understanding, mostly in the period of the late 1980s to the early 2000s and in all cases it was these regional civil society networks that initiated and promoted the more formal cooperation in the CMS framework. The composition of these networks varies slightly between the four cases. The case of the flamingos is the only one where a regional group dedicated to the conservation of flamingos developed and created its own institutional structure. The group now incorporates not just researchers, but also staff from national parks and different NGOs and foundations. In the other three cases the networks are very much based on already existing NGOs, such as Birdlife International, Wetlands International, Friends of the Earth or the WWF and their corresponding local branches. They work very closely with researchers and in the case of the huemul also the administrations of the national parks. In addition to initiating cooperation in the first place and promoting the signature of the memoranda, civil society networks continue to be crucial in order to ensure that the commitment that the states have made by signing the
CMS memoranda as well as other commitments, are not forgotten and to insist on the implementation of activities. These networks in turn depend very much on the personal initiative of their members and on how well these members are connected to relevant local and international agencies.

Moreover, the CMS itself also promotes NGO participation. The convention thus explicitly states that international and national non-governmental organisations may participate as observers unless one-third of the members object (CMS, 1979: article VIII, 9) and cooperation between the CMS and NGOs is further institutionalised by the fact that the scientific councillors that each member country nominates, are often members of prominent NGOs. However, the system is perhaps biased towards international or Northern NGOs as they are more likely to be able to afford travelling to the meetings. Generally the lack of resources is a major constraint for regional networks for both research and coordination activities. The censuses of the flamingos for example require a lot of resources as many sites need to be monitored at the same time and they are often in inaccessible and hostile places at high altitudes. In the last census in 2010 259 wetlands in Argentina, Bolivia, Chile and Peru were surveyed by a total of 88 people in 21 teams (Marconi, 2010: 66). In addition administrative or political activities also require significant resources, in particular if many people from different countries need to travel to one place for a meeting. Overall the greatest part of the funding for such activities comes from a variety of international donors, rather than the states in the region. In fact the states themselves also frequently mention a lack of resources in their national reports and the issue has also been discussed in the CMS meetings for Latin America and the Caribbean (CMS, 2001: 9, 10, 12). In the case of the flamingos the regional network is also working a lot with the Ramsar Convention on Wetlands. The strategy is to implement a regional network of protected wetlands that the flamingos can use. This does not mean that the Ramsar and Bonn conventions compete, in fact there seems to be a regular dialogue between the two and representatives of the Ramsar Convention have regularly attended the CMS meetings for Latin America and the Caribbean. Moreover, in 2007 a workshop was held for Latin American decision makers to address specifically issues relating to wetlands and migratory species (CMS, 2007). Overall it seems that the two conventions complement each other quite well. The Ramsar Convention aims at protecting specific sites, which also benefits some migratory species. The objective of the CMS
however is to protect migratory species along their whole migratory range, not just in some sites, and promotes cooperation between states in order to achieve this. However, even if the treaties are mostly complementary, governments and civil society organisations may not have the resources to deal with both treaties equally and at the same time and therefore choose the one that appears the most promising for their immediate objectives.

Environmental issues in the regional integration system Mercosur

In 1991 Argentina, Brazil, Paraguay and Uruguay signed the Treaty of Asuncion establishing the Mercado Común del Súr (Common Market of the South), or Mercosur. In its preamble the treaty states that integration constitutes a fundamental condition to accelerate the processes of economic development with social justice and that this objective has to be attained through the most efficient use of the available resources, the preservation of the environment, the improvement of the physical infrastructure, the coordination of macroeconomic policies and by complementing the different sectors of the economy (Tratado de Asunción, 1991). Overall, Mercosur receives a lot of support from European agencies, on environmental issues as well as other topics. These include for example the German GTZ or the Spanish AECID, but the EU is the largest donor to Mercosur as it repeatedly states in policy documents (European Commission, 2010:13; European Commission, 2007: 20-21, 23). The main objective of the European Commission in relation to Mercosur is to strengthen the process of institutional and market integration and it has provided support for this since Mercosur was created (European Commission, 2007: 6, 17). This fits in with the EU’s policy of supporting regional integration across the world. The EU promotes its model of economic liberalisation in other regions, including Mercosur, in an attempt to establish the EU’s norms of democracy, rights, social inclusion and regional integration outside Europe (Grugel, 2004: 621). According to the EU view regional integration is a way of dealing with social and political conflict and authoritative supranational regional institutions can mediate the market in this model of liberal economic governance (Grugel, 2004: 616). As a result the EU has provided considerable financial support and advice for the Mercosur integration process ranging from technical support for agriculture, norms and customs issues to statistics and support for the single market and macro-economic coordination (Santander, 2006: 44; Sanchez Bajo, 1999: 935; Grugel, 2004: 617). The objective is of course to strengthen
Mercosur, but also to enhance the EU’s role at the global level by exporting its model of regional integration (Santander, 2006: 44; Santander, 2002: 495). On the other hand, the Mercosur governments are of course not passive recipients of development aid, but also negotiate cooperation projects and reject projects that they do not agree with. During the 2007-2010 period for example Mercosur authorities decided not to endorse the projects and funds under the first priority of the EU’s Regional Indicative Programme “Support for institutionalisation of Mercosur” and the funds were returned to the EU budget. After this “unsatisfactory outcome” according to the EU, Mercosur proposed to re-allocate the funds under one of the other funding priorities (European Commission, 2010: 15). This example clearly demonstrates that in some cases the EU in fact promotes Mercosur institutionalisation more than the Mercosur authorities themselves. While the European Commission repeatedly states that the low level of ownership is an obstacle to the success of Mercosur cooperation projects (European Commission, 2007: 16; European Commission, 2010: 17), there seems to be less reflection on what causes this in the first place. Instead policy documents frequently reiterate the importance of the EU model for Mercosur and how Mercosur could learn from the EU (European Commission, 2007: 24, 25, 36). However, to which extent the EU model is applicable or even desirable for Mercosur or whether there is anything European countries could learn from Mercosur countries, is not addressed either in the current regional strategy paper or the mid-term review.

Since its creation a range of different environmental issues have been on Mercosur’s agenda, but resulted in very few concrete and sustainable achievements. The Mercosur organs dealing with environmental issues are still very weak both in comparison to other free trade areas such as NAFTA and the EU and in comparison to Mercosur organs dealing with other topics (Hochstetler, 2003: 12-13), and there seems to be a lack of consensus over what kind of environmental issues Mercosur should address. Overall donors are quite influential with regards to Mercosur’s agenda and it seems that out of the different environmental topics, Mercosur tends to address issues related to production processes and trade most extensively. The EU places a great emphasis on environment and climate change issues and has a policy of mainstreaming environmental issues into its cooperation projects with Mercosur (European Commission, 2010: 12, 17; European Commission, 2007: 22). Given that the EU is Mercosur’s main donor, this explains why Mercosur keeps environmental issues on its
agenda. In terms of what kind of issues are addressed a document on the evolution and perspectives of environmental issues within Mercosur put together during the 9th meeting of the environment ministers in November 2008 points out that issues for which it is possible to get funding are often higher on the agenda to the detriment of issues which may be deemed more important by local actors, but for which there is no funding available at that point. As it was easier to get external funding for environmental issues related to trade these were given priority whereas other topics of the same importance for the Mercosur countries were not addressed adequately (Mercosur, 2008: 22).

From February 2002 until September 2007 Mercosur carried out the project “Competitiveness and Environment” (CyMA according to its Spanish acronym) with the German cooperation agency GTZ. The overall aim of the project was to elaborate and implement a strategy to increase the competitiveness and environmental efficiency particularly of SMEs, in the framework of public-private partnership in order to promote sustainable development in Mercosur. During the course of the project there was significant progress on the topic of sustainable production but the project was not extended and two years passed before a new project was agreed with another donor, the European Commission. This project was delayed considerably at the start (European Commission, 2010: 21; Fulquet, 2010: 15) and moreover consists of four thematic components and therefore does not have the same focus as the previous project. After the end of the CyMA project there has thus been little continuity on the topic of sustainable production.

Moreover, the Mercosur projects set up to deal with environmental issues in cooperation with the German cooperation agency and the EU do not provide much space for civil society participation. The project with the GTZ on sustainable production was aimed at SMEs and therefore included this sector in seminars and workshops, but it did not go beyond this to include a broader dialogue on sustainable production with NGOs or the general public. Generally some environmental NGOs were initially very interested in Mercosur and saw this as a forum to address regional or transboundary environmental concerns. However, many organisations have become increasingly disillusioned with Mercosur’s inability to address regional environmental concerns that they deem important and the lack of possibilities for
civil society participation. Civil society participation and interest in Mercosur meetings has thus decreased over time (Hochstetler, 2003: 15-16; Hochstetler, 2011: 138).

Water governance in the La Plata basin

The La Plata basin is one of the five biggest drainage basins worldwide and after the Amazon the second biggest in South America (del Castillo Laborde, 2008: 269; Pochat, 2011: 497; Tucci and Clarke, 1998: 158). It extends across five countries, Brazil, Bolivia, Paraguay, Uruguay and Argentina (from upstream to downstream) (Gilman et al., 2008: 204) and consists of a number of sub-basins which flow into the Rio de la Plata and eventually into the Atlantic Ocean. With 45% Brazil has the largest share of the basin followed by Argentina with 30%, Paraguay with 13% and Bolivia and Uruguay with 7% and 5% respectively (Cordeiro, 1999: 148). In addition to the surface waters, ground waters are an important part of the basin, among them the Guarani aquifer, one of the largest underground water reserves worldwide. Moreover, the Pantanal, one of the largest wetlands worldwide, is also found in the area of the basin. The basin is at the centre of economic activity in each of the five basin countries. A wealth of natural resources is found in the area of the basin and the region is equally important for agriculture, which has extended continuously in the last 50 years. As a consequence about 70% of the per capita GDP of the five countries is generated in the area of the basin. Moreover, with 75 large dams the rivers are crucial for the generation of energy as well as transportation (Pochat, 2011: 497-498; Cordeiro, 1999: 148, 152; Tucci et al., 1999: 103; Tucci and Clarke, 1998: 158). Governance of the huge La Plata basin has been split into different components. While a basin-wide treaty and an intergovernmental committee, the CIC (Comité Intergubernamental Coordinador de los Países de la Cuenca del Plata), provide the overall framework, numerous different treaties have been signed for specific aspects and complemented with technical commissions to carry out joint work. In addition since the 1990s several international projects mostly funded by the Global Environment Facility (GEF), have been implemented to address environmental concerns. The CIC itself now also takes environmental concerns much more serious and is currently implementing a basin-wide framework programme with funding from the GEF on climatic variability and global climate change (Gilman et al., 2008: 208; Pochat, 2011: 505). However, this project-based approach of cooperation brings several problems which are common to development
cooperation overall. First of all projects usually only run over a relatively short period which makes it difficult to implement long-term strategies. The first phase is typically increasing knowledge and based on this developing a plan to address problems. The second phase is then usually the implementation of this plan. However, in many of the projects the duration was only a few years and after the end of the project it was much more difficult to continue cooperation and in some cases this stopped completely. Of course the lack of continuity when it comes to implementation of plans is not necessarily only due to a lack of funding. Whereas carrying out studies and increasing the knowledge base is something that can be done relatively easily when funding is available, implementing environmental strategies requires much more political will and is more likely to conflict with other objectives, for example if it means regulating an industry that is important for a country’s economy and employment. Nevertheless, relying on international projects for environmental cooperation does not improve the implementation of long-term strategies. Moreover, many of the projects have a very complex organisational structure often involving a regional and a local executing agency as well an implementation agency. While this usually reflects donor requirements or rules over which organisation is allowed to administer funds for example, and there may be good reasons for such rules, it certainly does not increase transparency.

In addition to these practical considerations regarding the involvement of external actors there are also other implications which became clear in particular in the case of a project on the Guarani aquifer where many civil society organisations expressed unease regarding the involvement of external actors. Policies which the World Bank and the IMF implemented in the Southern Cone region in the past have been heavily criticised and as a consequence there is still a widespread distrust of the World Bank and any agencies associated with it, such as the GEF. The Guarani aquifer project has been criticised for the decision to employ private consultancies instead of public universities to carry out the project and distrust was reinforced by the fact that many of the project documents were only available in English which is not an official language in any of the countries (Villaro and Ribeiro, 2011: 657). For most of the other projects that received funding from the World Bank through the GEF, including the framework project, it seems that the documents that contain detailed descriptions of the projects are equally only available in English, but in those cases criticism has not become public to the same extent. Moreover, in the seminars of civil society organisations several
presentations put the Guarani aquifer into a global context where clean fresh water is becoming increasingly scarce. They pointed out that South America has relatively rich and clean underground water resources leading to the conclusion that there could be external threats to the region in the future due to water scarcity elsewhere (Montaño, 2009; Caubet, 2009; García Duchini, 2009; Lavopa, 2004). The water case study thus presents clear examples of distrust of external actors on the part of several civil society organisations. Interestingly the project appraisal document of the Guarani aquifer project funded by the GEF mentions the strong support from governments and universities in the countries as a strength of the project (World Bank, 2002: 20-21). This gives some indication that the World Bank, like other donors, does not consider a project successful if it is externally implemented without local support which is of course also based on the experience that such projects are unlikely to continue in the long-term and often just stop whenever the donor stops its work. Despite this useful recognition however, at least in the official project documents there seems to be no consideration of why there is low or high ownership or public support. Given how widespread distrust of the World Bank in the region is and how well-known this is, it seems strange that the project document mentions the importance of ownership and lists various “risk factors” (World Bank, 2002: 34-35) without however engaging with the role of the World Bank itself and the risk this might be for the success of the project. Instead the project appraisal document merely states that “a large number of water projects have been implemented with World Bank support in the region” (World Bank, 2002: 21) but does not address the suspicions this has raised. It seems that the World Bank continues to perceive or at least portray itself as a mostly technical actor and ignores the very political role it has played in the region in the past and continues to play. An open discussion of the role that a particular donor might or should play and an open recognition that international cooperation agencies are not just technical experts, but political actors, would increase transparency and legitimacy significantly.
II. What impact do donors have on regional environmental cooperation in the Southern Cone?

As the first section has shown sustainable and lasting cooperation is a major challenge in all three cases because most of the funding comes from external sources. This frequently leads to discontinuities when funding runs out or projects finish and moreover the search for funding takes up time and resources. Donor coordination is crucial to ensure different initiatives complement each other and to improve effectiveness of regional environmental cooperation. This includes relatively simple organisational issues, for example, even the way funding agencies and calls for projects are structured can have an impact. If an agency publishes a call for international issues, this encourages several countries to apply together and if successful implement the project jointly. If however, the call is aimed at individual countries, the opposite happens and neighbouring countries may end up competing against each other if they all apply for the same funding.

In addition to these important practical considerations however, donors have an impact on the process of regional environmental cooperation itself. Using the framework developed by Keohane et al. this section examines the impact funding agencies have had on regional environmental cooperation in the three case studies. According to Keohane et al institutions can impact the political process at three key points, agenda-setting, development of international policies and development of national policies (Keohane et al, 1993: 8, 11-17). Furthermore they can influence three important conditions which are necessary to address environmental concerns effectively. These are a sufficient level of governmental concern to address a certain environmental issue, a contractual environment which allows the development and implementation of agreements, and sufficient political and administrative capacity in governments (Keohane et al, 1993: 8, 20-23; Keohane, 1996: 8-14).

However, this does not mean that the national governments in the region or local actors, such as civil society groups, are not important. On the contrary, in many cases it is local actors who initiate environmental cooperation and look for funding in order to carry out activities. As several researchers have pointed out, donors are most effective when they can build on local support (Fairman and Ross, 1996: 50; Ross, 1996; Keohane, 1996: 21; Gutner, 2002: 42-43). This is also the case in the Southern Cone and regional environmental cooperation is
often successful because of the important role that “bilateral activists” play, so people who have a long-term presence in the country and knowledge of the local context and the relevant connections, but also links to international forums and ideas as well as scientific and financial networks (Steinberg, 2001; Steinberg, 2003). Due to space constraints this paper does not examine the role of local actors in detail and focuses on the impact of external funding agencies. However, it recognises that local actors are at least as important as external donors for the success of regional environmental cooperation in the Southern Cone and in fact their relationship to particular donors also has an impact.

The comparison of the three case studies confirms that as Keohane et al explain, all three conditions, concern, capacity and a good contractual environment are necessary for effective cooperation. At the same time however, it is difficult for donors to support and improve all three conditions simultaneously. Donors can thus make the biggest impact when at least one of those conditions is already fulfilled and when they can build on domestic support, for example from civil society or NGOs or individuals working in state agencies. Moreover, the political objectives of a donor and its reputation can have an important impact on cooperation.

In the case study on migratory species the role of the CMS secretariat is to promote the convention with national governments. However, it is important to point out that in the Southern Cone the Secretariat was able to build on significant regional cooperation between civil society organisations and some sub-national state agencies which had already raised public awareness and increased concern particularly at the local level, including amongst local or federal governments. The CMS also provides some monitoring tools by asking for regular country reports which are publicly available on its website. The greatest contribution of the CMS is thus to provide a formal framework which improves the contractual environment as well as raising awareness, especially among national governments.

Moreover, research and conservation projects have received funding from a range of different agencies. In comparison with the other two case studies two things stand out regarding the involvement of external funding agencies. First funding comes from many different agencies and mostly in the form of smaller grants to support specific activities or events rather than big projects. In the Mercosur case study the great part of funding for regional environmental
issues comes from European agencies and in the water case study it comes primarily from the GEF. In both cases the funding involves relatively big sums and big cooperation projects which is less the case for the CMS. Yet, in the CMS case study donors have the closest links to local organisations and this can significantly increase the impact of financial aid even if the sum of funding is relatively low (Fairman and Ross, 1996: 50). In many cases funding is channelled through international NGOs which have very close ties to local organisations, and therefore often bypasses governments. As Fairman and Ross point out this is not unusual in many countries of the South (Fairman and Ross, 1996: 43-44). Moreover, because funding comes from many different sources and compared to the other two cases mostly involves relatively small sums of money, the influence of each individual donor is more limited and regional environmental cooperation overall does not depend on a single donor. There are no major conflicts or disagreements between funding agencies and local actors. However, there is a tendency that it is easier to get funding for research and conservation activities of migratory birds which migrate between North and South America than for birds that migrate only within South America. As a result these species are also much better researched than species that migrate within South America only (Di Pangracio el al., 2011: 494). Overall this means that the Convention itself promotes a better contractual environment while a variety of different funding agencies support capacity building on an ad hoc basis and according to local demands. Although the sums involved are relatively small they can be targeted very well because of the close ties to local actors.

In the water case study the main contribution of international donors is in capacity building and to a lesser extent in improving the contractual environment and increasing concern. The main donor is the GEF which has funded several large-scale projects in the basin. These projects have significantly improved technical knowledge and technical capacity which is vital to research and monitor environmental problems. They have also aimed to strengthen capacity of local authorities and in terms of human resources. Overall governments as well as civil society in the region are aware of environmental problems in relation to water and in fact in some cases projects were preceded by work of regional research networks. This means there was already a certain level of concern before projects started. However, like other GEF international waters projects (Gerlak, 2004: 122, 130-131), the projects in the La Plata basin have supported additional research which exposed linkages between different issues. This is
likely to have contributed to increased concern at governmental level that international cooperation is required to address environmental issues. In the case of the Guarani aquifer for example the four countries sharing the aquifer signed an agreement a year after the GEF project finished although the project was arguably only one of several factors that influenced the signature of the agreement (Sindico, 2011: 259-260). In addition international funding has helped to improve the contractual environment which is most noticeable in relation to the pulp mill conflict between Argentina and Uruguay. In 2005 40,000 protesters came together in the Argentinean town of Gualeguaychú to demonstrate against the construction of two pulp mills on the Uruguayan side of the Uruguay River which the two countries share. Although the conflict put a severe strain on the relations between Argentina and Uruguay and made the topic of international rivers a very sensitive issue in the region, the GEF projects in other parts of the basin nevertheless continued and thus ensured that states continued some level of cooperation and dialogue on international waters. In this sense the projects arguably played an important role in limiting the damage of the conflict on cooperation.

Moreover, the GEF has a clear impact on regional environmental cooperation in terms of deciding which parts of the basin receive funding because its emphasis is on promoting projects with global environmental benefits (Gerlak, 2004: 111; Fairman, 1996; Streck, 2001: 72). This means that cooperation is much more likely to take place for issues that the GEF considers important and not necessarily those considered important by local actors. Moreover, as described above tensions between the funding agency and civil society are greatest in the water case study. While most GEF projects in the La Plata basin include some funding for civil society events and information dissemination, there are no mechanisms to incorporate views of civil society organisations into decision-making systematically. This does not help to reduce distrust in the World Bank and moreover it rules out the possibility of building on civil society support which has considerably strengthened cooperation in the CMS case study. All of these issues echo disagreements over the role and functioning of the GEF overall. Since the GEF’s creation there has been distrust of the World Bank and criticism that it did not provide enough space for civil society participation in decision-making and countries in the global South have argued for including also local concerns and sustainability issues rather than focussing only on global issues (Gerlak, 2004: 115-116, 129, 130, 135; Fairman, 1996; Streck, 2001: 75, 83; Gupta, 1995). Another part of the La Plata
basin, the Pilcomayo basin, has received funding from the EU and not the GEF. In this case the donor promoted the creation of very institutionalised participation mechanisms for local communities and this system has remained in place after the end of the project (Dirección Ejecutiva de la Comisión Trinacional Para el Desarrollo de la Cuenca del Río Pilcomayo, 2012).

In the Mercosur case European institutions and governments have the clear objective of promoting their value of regional integration and therefore they provide significant support to Mercosur. Moreover, most European funding agencies attach a high importance to environmental issues and the environment is treated as a horizontal issue in cooperation projects of the European Commission. European donors thus target Mercosur for regional environmental cooperation because they believe that Mercosur should be strengthened and that it should address environmental issues. In this case the political agenda of the donors does not lead to a lot of conflict, but it is doubtful to which extent environmental cooperation in Mercosur would continue at all without the support of European agencies. The biggest impact in this case study is in agenda setting and building regional capacity. Support from the GTZ has thus enabled regular meetings between government officials of the four Mercosur countries and led to exchange of information and best practices and supported a regional dialogue which helped to clarify concepts and develop a common language in relation to sustainable production. By providing the resources for these regular meetings at the regional level the project also helped build regional networks among government officials which might also improve the contractual environment. However, many of these achievements did not continue when the project stopped and very little was left beyond the short-term. In addition, it seems that the support from European donors has so far not translated into increased concern at governmental level that Mercosur should address environmental issues or long-term capacity of Mercosur environmental organs to implement this.

The case study clearly shows that only building capacity is not sufficient for long-term success. In this case the problem is not so much a lack of local concern regarding a particular environmental issue, but rather a lack of agreement over the channel which is used for cooperation. On the one hand the governments of the Mercosur countries have not shown much political will to strengthen environmental issues in Mercosur and the organs dealing
with these reflecting perhaps a more general unwillingness to strengthen Mercosur overall. On the other hand however, environmental issues remain on Mercosur agenda because funding is available to address environmental concerns through Mercosur. This means donors have a significant influence on agenda-setting and capacity-building at least in the short term, but with very few long-term benefits. Donors thus also need to consider which forum is the most adequate to address a certain environmental issue and if the donor’s preference for the form of cooperation does not match the interests of recipient governments financial aid is unlikely to be successful in the long-term. As Keohane states “international financial transfers for the environment will not be effective unless both their purposes and their institutional arrangements are consistent with the interests of the most powerful actors involved in the issue” (Keohane, 1996: 8).

Overall, the comparison of the three cases shows that in the case of the CMS external funding agencies were able to support capacity building as required by local networks. Moreover, the CMS Secretariat plays a role in improving the contractual environment as well as increasing concern, in particular at the national level. However, the Secretariat was able to build significantly on the work of local networks which had already raised concern and started regional cooperation. In the water case study donors were also able to improve capacity and to some extent the contractual environment, most notably by preventing the pulp mill conflict from spreading to cooperation on other parts of the La Plata basin. However, success is limited by the fact that a significant part of civil society organisations remain excluded from cooperation projects and suspicious of the main donor, the World Bank. In the Mercosur case study donors have been least successful in promoting regional environmental cooperation. At the level of the national governments there is relatively little interest that regional environmental issues should be addressed through Mercosur and as a consequence the environmental organs of Mercosur remain very weak. While some civil society organisations are in favour of addressing regional environmental concerns through Mercosur they remain mostly excluded from decision-making. By providing funds for Mercosur to address regional environmental issues donors have thus managed to keep environmental issues on Mercosur’s agenda continuously and have improved capacity through several projects, but this has not translated into long-term activities. In this case the reason for the
lack of success is not so much related to environmental issues per se, but rather to a lack of consensus over what Mercosur is and should do.

So far in the three cases cooperation has not been very successful in terms of developing and implementing concrete and specific joint policies. Nevertheless, the generation and sharing of information and a commitment to some shared norms that the projects achieve is an important first step for governments to realise the importance of developing joint policies. As Levy et al. point out if governments waited with the formulation of strong rules until there is sufficient concern and scientific understanding, this would be too late. Instead cooperation at an early stage helps to create the very conditions which make strong rules possible later on. Moreover, norms and principles, even if they remain vague, often lead to some increases of domestic capacity which in turn is important for effective implementation later on (Levy et al., 1993: 413, 415). However, this is most likely to happen if cooperation is structured in such a way that it can maximise support from domestic as well as international actors and if the form of cooperation is suitable to address a certain environmental issue.

Conclusion

This paper has argued that regional environmental governance is an important component of international environmental governance but is often neglected and dominated by studies on the global North. The comparison of three case studies from the Southern Cone of South America demonstrates that external funding agencies play an important role in regional environmental cooperation. They can influence agenda-setting and increase concern, build capacity and help to improve the contractual environment. However, support from important local actors, such as governments or civil society is crucial and without this funding has little long-term impact. Consequently funders need to ensure that their main objectives correspond to the priorities of important local actors. Moreover, the role of a funding agency and its reputation can have an impact and financial aid is more likely to lead to long-term benefits if donors take this into account.
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